



New Hampshire's Workforce Challenge:

Innovative Approaches to Attracting and Retaining Workers





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Fall/Winter 2017

Dear Granite Stater:

New Hampshire is a small business state and why I am proud to serve as the senior Democrat on the Senate Committee on Small Business & Entrepreneurship. In that role and as a former small business owner, I visit as many small and medium-sized businesses in New Hampshire as possible. The common concern I hear today – no matter where I travel in our state – is almost always related to finding and retaining a skilled workforce. Over and over, small business owners tell me they have job openings and they want to hire and grow, but they struggle to find workers with the right skills or training for the jobs.

Recently, I convened a committee field hearing in Nashua. I gathered experts to candidly discuss the acute workforce problems that must be addressed in order for our economy to expand. For example, we face an aging population and many of the jobs being created are in so-called STEM fields (science, technology, engineering and mathematics). Dynamic industries like advanced manufacturing, healthcare and information technology are important drivers of our economy but require skills that schools may not yet be prepared to teach. Our workforce training programs must be flexible and keep pace with the evolving labor market so that Granite State workers can earn these high-skilled, high-wage jobs.

The good news: New Hampshire is taking this challenge seriously and getting behind initiatives to confront workforce issues head on. Our small businesses are also leading, using innovative strategies and a mix of benefits, incentives, profit-sharing and other enticements to recruit and retain workers. The following report was prepared by the staff of the Small Business Committee in response to our field hearing and provides an overview of the workforce challenges we face. It also highlights some of the efforts underway by state officials, our community college system, large employers and small businesses.

Our workforce challenges are complicated and cannot be solved by government alone. If we are to make meaningful progress, it will take innovation, collaboration and new ideas from government, educators, businesses and other stakeholders to equip our workers with the skills to fill the high-quality, high-paying jobs that America’s small businesses create every day.



Sincerely,

Jeanne Shaheen

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The Workforce Challenge in New Hampshire

Introduction

New Hampshire businesses are adding workers at the fastest pace since 2000, driving down the unemployment rate. **Construction, manufacturing, healthcare, hospitality and other industries in New Hampshire are finding it difficult to fill open jobs** due to record low unemployment, labor force nonparticipation and a shift in the state’s demographics.

Positive economic news is tempered by New Hampshire’s looming workforce challenge. According to the New Hampshire Center for Public Policy Studies (January 2017), the rate at which employers add workers is expected to slow and **“eventually come to a halt because the inventory of workers from which the public and private sector can select from to expand their operations will be extremely limited.”**

With many workers in their late 50s and early 60s, New Hampshire’s economy will experience a wave of people who will partially or totally disengage from the workforce. This decline is not expected to be offset by a sufficient number of younger workers entering the labor force. **New Hampshire’s Office of Energy and Planning projects the 20 to 24-year-old population will contract in future years.**

Barring an influx of out-of-state working age people who move to and work in New Hampshire (or convincing Granite Staters who currently work out-of-state to work back home), employers in New Hampshire will essentially run out of people to hire and **the economy is anticipated to grind to a halt in the latter years of the forecast (2019 and 2020).**

Source: New Hampshire Center for Public Policy Studies, January 2017

New Hampshire Age-specific Population Projections

Source: New Hampshire Office of Energy and Planning – State and County Population Projections

Flow to Labor Force	Age	2015	2020	2025
Inflow	20 to 24 years old	86,427	81,263	80,650
Outflow	65 to 69 years old	77,122	87,398	100,406
Outflow	70 to 74 years old	51,627	70,238	80,486

New Hampshire employers will essentially run out of people to hire [and] the economy is anticipated to grind to a halt in [2019 and 2020].
Source: New Hampshire Center for Public Policy Studies, January 2017





Today, just over 50% of New Hampshire's population has a post-secondary certificate or degree.

Source: Georgetown Center on Education and the Workforce

New Hampshire's Workforce

Skills and Education Gap

The New Hampshire economy of the future will be driven by high-wage industries, such as advanced manufacturing. To fill these jobs, New Hampshire must make significant investments in its workforce.

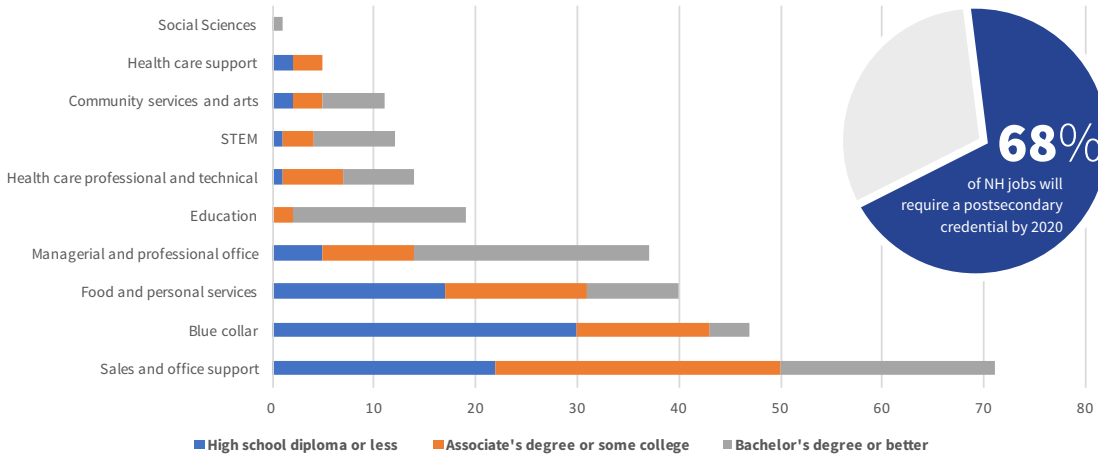
- ✓ **Today**, 50 percent of New Hampshire's population has a post-secondary certificate or degree.
- ✓ **By 2020**, 68 percent of jobs in New Hampshire will require a postsecondary credential.
- ✓ **Under present trajectories**, far less than 68 percent of New Hampshire's workforce will reach that educational bar if the state does not act.

Failing to reach this goal will harm New Hampshire's ability to retain, attract and grow businesses and will have long-term effects on the state's economy and quality of life.

The challenges to increasing the percentage of adults in New Hampshire with post-secondary education include:

- ✓ A declining number of educated adults moving into the state
- ✓ Declining numbers of students in the K-12 system over the next decade
- ✓ A high percentage of high school graduates who leave the state to attend college
- ✓ A well-educated population that is aging out of the workforce

2010-2020 Jobs by Occupation and Education Level (in thousands)



Source: Georgetown Center on Education and the Workforce

Additional Workforce Challenges

Affordable housing and child care, substance abuse and access to foreign born workers are challenges facing New Hampshire small businesses.

Affordable Housing and Child Care

Attracting workers to settle in New Hampshire requires affordable housing and child care options for working parents.

- ✓ According to the National Low Income Housing Coalition, New Hampshire has a high housing cost burden and a deficit of affordable rental homes for low-income workers.
- ✓ The average annual cost of infant care in New Hampshire is \$11,810 or \$984 per month. Child care for a 4-year-old costs \$9,457 or \$788 per month. Increasing affordable child care options would help workers (particularly working mothers) rejoin the workforce and strengthen the economy.



Source: National Low Income Housing Coalition and the Economic Policy Institute

Opioid, Heroin and Substance Use

New Hampshire’s opioid and heroin crisis is a public health emergency. It is also challenging businesses across the state that are concerned about the toll opioids are having on employees and families. When a worker is unable to meet his or her work obligations because of a substance use disorder, it harms a company’s ability to deliver for its customers.

- ✓ At **\$2.36 billion**, substance misuse imposes a cost on New Hampshire equal to **\$1,780** for every individual living in the state;
- ✓ The productivity cost of substance misuse is **\$1.6 billion** and reduces state and local revenue by **\$87.6 million** annually.

Source: New Futures Economic Report, May 2017

Access to Foreign Born Workers

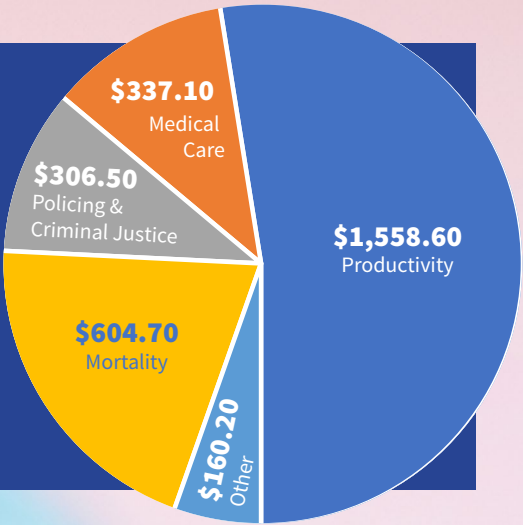
Attracting skilled workers from out of state is one way to meet workforce challenges, but New Hampshire competes for these skilled workers with other states. Immigration can help overcome this issue, as New Hampshire provides an attractive place to work and live for many educated people coming from other countries.



The productivity cost of substance misuse reduces state and local revenue by **\$87.6 million annually.**

Source: New Futures Economic Report, May 2017

Substance Abuse
Cost New Hampshire
\$2.36 Billion in 2014
(not including the cost of premature death)



NH Works is committed to assisting every New Hampshire citizen in their search for a job that fulfills their goals.

New Hampshire Workforce Programs

By exposing young people to job and career opportunities in New Hampshire, more young people will launch their careers in the state rather than somewhere else.

State Initiatives

NH Works Centers

NH Works is committed to assisting every New Hampshire citizen in their search for a job that fulfills their goals. In addition to job listings, NH Works Career Centers offer education and training resources at no or minimal cost. Centers hold workshops for technical assistance on preparing resumes and cover letters, job search workshops, employment counseling, aptitude and skills testing, and career exploration tools.

NH Works Career Centers are located at New Hampshire Employment Security offices, libraries, community colleges and Vocational Rehabilitation and Community Action offices throughout the state.



Workforce Accelerator 2025

Workforce Accelerator 2025 is a two-part workforce development initiative launched by the Business and Industry Association (BIA) and the New Hampshire Charitable Foundation with financial support from Fidelity Investments. The initiative includes:

✓ **65 by 25**

The Community College System of New Hampshire introduced 65 by 25 to help 65 percent of adults 25 and older in New Hampshire achieve some form of post-secondary education – from certificates to advanced degrees – by 2025. The plan is critical for New Hampshire to maintain positive economic indicators, including low unemployment and high per capita income, and to ensure the next generation of Granite Staters has the chance to improve on the foundation it inherited.

✓ **School to Career Pathways**

The School to Career Pathways project encourages school/business partnerships across New Hampshire to prepare students to enter the workforce through internships, apprenticeship programs and in-house training solutions. Exposing young people to job and career opportunities in New Hampshire will result in more young people launching their careers in the state rather than somewhere else.

New Hampshire Workforce Programs

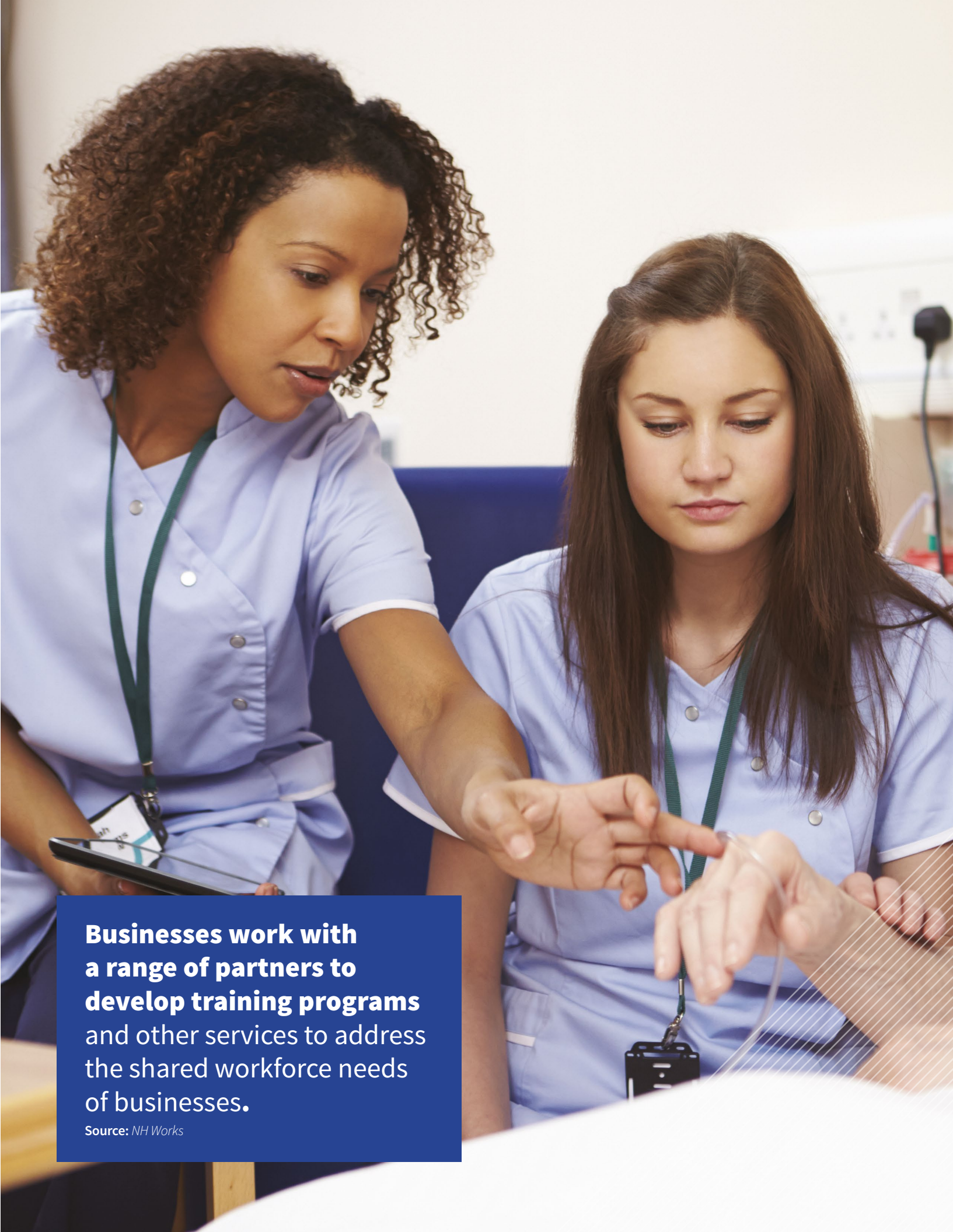
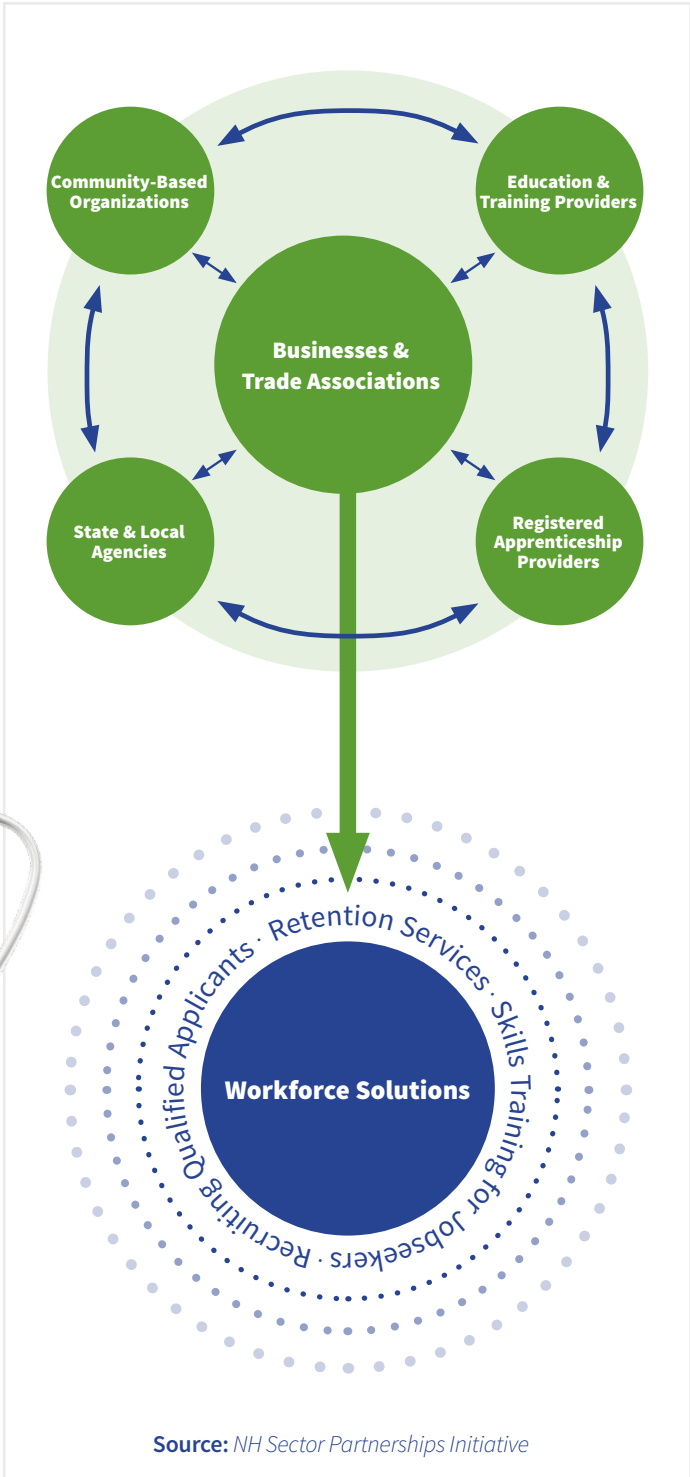
Sector Partnerships Initiative

The Sector Partnerships Initiative (SPI) is an industry-driven, statewide initiative (supported by federal and state funds) to help businesses in targeted industries address their workforce needs, while also helping workers prepare for and advance in careers in these critical sectors.

Currently identified sectors include: **advanced manufacturing, healthcare, information technology and hospitality.**

Through this innovative public/private collaboration, groups of businesses within each industry participate in sector partnerships and convene to identify shared hiring, training and retention needs.

Businesses then work with a range of partners (community-based organizations, community colleges, career and technical education centers, apprenticeship providers) to develop training programs and other services to address the shared workforce needs of businesses.



Businesses work with a range of partners to develop training programs and other services to address the shared workforce needs of businesses.

Source: NH Works

New Hampshire Workforce Programs

Sector Partnerships Initiative: Findings

Currently identified sectors include: advanced manufacturing, healthcare, information technology and hospitality.



Hospitality

FACT: The hospitality cluster is a core component of the New Hampshire economy accounting for 68,470 workers across 4,500 business establishments.

The New Hampshire Hospitality Sector Partnership Report recommends engaging New Hampshire's veteran population to fill workforce needs. Specifically, the industry should increase efforts to market to nontraditional labor pools that have had some success in hospitality but still comprise a limited portion of the labor force, such as veterans and retired police officers.

Foreign born workers have been important to the hospitality sector in meeting workforce needs. H-2B visas are used to hire temporary foreign workers to meet short-term fluctuations and seasonal demand. In 2015, there were 200 hospitality related positions in New Hampshire filled by individuals with H-2B visas.



Health Care

FACT: Health care and social assistance is New Hampshire's second-largest industry, behind only retail trade, with 76,208 workers in 2015. It is projected to grow 11 percent through 2020.

The New Hampshire Health Care Sector Partnership (2017) reported "many of the state's health care employers reported a 'skills gap' and difficulty finding qualified people at all levels, including hospital positions, medical assistants, home health aides, primary care physicians and mental health clinicians." Approximately 27 percent of the current health care workforce in New Hampshire is 55 years or older.

Littleton High School and the Hugh J. Gallen Career and Technical Center created a program to expose students to health care careers during their freshman year. The high school partners with Littleton Hospital on a certified medical assistant program and most graduates advance to hospital employment.



Technology/IT

FACT: Technology occupations account for approximately 26,793 workers in New Hampshire.

Technology employers are not facing the same impending retirement wave as other occupations and industries in New Hampshire. Instead, workers are distributed fairly evenly by age. Although technology does not have the same stigma as sectors such as manufacturing, enrollment in technology courses in the community college system is declining in part because students are hired before completing their coursework.

The challenges for technology employers center on gender and geography. Three-quarters of technology workers in New Hampshire are male. Increased efforts to attract women to the technology field have not translated into greater gender parity.



Advanced Manufacturing

FACT: Supporting 67,218 workers across approximately 1,950 businesses, manufacturing is one of New Hampshire's largest industries – behind only retail, health care and government.

Already, 28.7 percent of jobs in the manufacturing sector require more than a high school diploma. This number will rise as the industry adapts to new technology. Companies, educators and stakeholders in the manufacturing industry have expressed consensus that the current education and training offerings in New Hampshire are not sufficient to meet the industry's needs.

While the quality and relevance of programs vary, the education and training gap is primarily about numbers: educational and training institutions are not graduating enough skilled manufacturing workers. Technical education in high schools and career and technical education centers are not structured to prepare many students to go directly into the manufacturing sector.

Source: *NH Sector Partnerships Initiative* | nhworks.org



New Hampshire Workforce Programs

Federal Initiatives

Manchester Job Corps Center

The National Job Corps Program is a residential and technical education program that serves economically-disadvantaged youth between the ages of 16 and 24. New Hampshire's first and only Job Corps Center opened in Manchester in 2015. Students live on campus and receive academic, vocational and social skills training. Students earn credentials and certificates that give them a leg up in the job market and assure employers they have the right set of skills.

The Job Corps Center offers hands-on training in nine of New Hampshire's most in-demand fields, including: advanced manufacturing, electrical, facilities

maintenance, security services, culinary arts, hospitality services, medical administrative assistant, clinical medical assistant and licensed nursing assistant. Advanced college training programs are offered in computer aided design, robotics, registered nursing, hotel and restaurant management, pharmacy technician and cybersecurity.

Job Corps partners with Manchester Community College, Nashua Community College, St. Joseph School of Nursing and CVS to offer these programs – **free of charge to all participants.**

ApprenticeshipUSA (U.S. Department of Labor)

Apprenticeships combine on-the-job training with related instruction. New Hampshire operates a 'Registered Apprenticeship' system certified to meet certain standards by the U.S. Department of Labor. In 2016, there were 258 registered programs and 2,000 apprentices in New Hampshire. These work-based training programs connect unemployed workers directly with employers. They have a track record of putting Americans to work and can help upgrade the skills of unemployed or dislocated workers.



Source: *New Hampshire Job Corps; Office of U.S. Senator Jeanne Shaheen; U.S. Department of Labor*

The Job Corps Center offers **hands-on training in nine of New Hampshire's most in-demand fields.**

Successful Strategies for Engaged Employees

New Hampshire companies are using innovative employee recruitment and retention strategies, including additional benefits, incentives, profit-sharing and family-friendly perks.

According to *Business NH Magazine*, a great benefits package is used to express aspects of a company's culture and **"indicate priorities companies have when it comes to taking care of their employees."**

The magazine's 2017 survey of 'Best Companies to Work For' found:

- ✓ **96 percent**
have employee committees that plan fun activities for coworkers
- ✓ **91 percent**
offer bonus programs
- ✓ **91 percent**
have employee committees that plan wellness initiatives
- ✓ **83 percent**
offer flexible schedules
- ✓ **78 percent**
offer lactation rooms for new mothers
- ✓ **74 percent**
pay bonuses for new employee referrals
- ✓ **70 percent**
subsidize gym membership
- ✓ **65 percent**
thank employees for a job well done with additional days off
- ✓ **61 percent**
have employee committees that provide input on being environmentally sustainable
- ✓ **52 percent**
allow employees to bring their children to work
- ✓ **52 percent**
offer paid paternity leave while **87 percent** offer paid maternity leave
- ✓ **26 percent**
offer employees stock options
- ✓ **22 percent**
offer adoption assistance

Source: *Business NH Magazine*, September 2017

A great benefits package is used to express aspects of a company's culture and **"indicate priorities companies have when it comes to taking care of their employees."**

Source: *Business NH Magazine*, September 2017



Giving employees a stake in the business and a chance to share in the success.

New Hampshire Workforce Success Stories

Admix

Londonderry, New Hampshire

www.admix.com

Admix in Londonderry is a small manufacturer of stainless steel industrial mixing equipment for food, cosmetic and pharmaceutical producers. Founded in 1989, the firm has 53 employees in the United States.

In 2001, Admix created an Employee Stock Ownership Program (ESOP) to provide employees an ownership interest in the company. Admix is now almost half-owned by its employees.



New Hampshire Workforce Success Stories

Seacoast Harley-Davidson

North Hampton, New Hampshire
www.seacoastharley.com

Seacoast Harley-Davidson in North Hampton is one of the largest full service Harley-Davidson dealerships in New England. In addition to motorcycles, the dealership sells parts, accessories, merchandise and clothing, and has a service department with a team of master technicians.

In 2017, the dealership partnered with Great Bay Community College to create a 24-week course in motorcycle maintenance and repair because most schools that specialized in certifications for motorcycle technicians were too far away for New Hampshire residents. Seacoast Harley-Davidson worked with GBCC to develop the curriculum, student supply lists, and insight into the skills valued most by employers.

By hosting the program at the dealership, students gain confidence working in a high-tech maintenance facility. The program has been approved for financial aid, and enrollment is currently open to any person interested in a career in motorcycle service, repair and maintenance.



Providing on-the-job training programs for students and apprentices.

Building a family-friendly workplace that values engagement, health and work-life balance.

New Hampshire Workforce Success Stories

W.S. Badger Company

Gilsum, New Hampshire

www.badgerbalm.com

Badger of Gilsum has produced organic balms and personal care products since 1995. The family-owned, mission-driven manufacturer has 100 employees and “strives to create a supportive and family-friendly workplace where all employees are treated as valuable members of our community.”

The company offers innovative programs, such as Babies-at-Work that allows employees to bring newborns to work until six months of age. Other company perks include: free daily lunches, subsidized child care, \$800 in annual wellness funds, and onsite yoga and reflexology classes. Staff receive paid vacation time, volunteer hours and holidays, and 40 hours of paid health time to care for themselves or a family member.

This culture attracts a diverse and highly-skilled workforce with virtually no recruiting costs. In a recent employee engagement survey, 100 percent of Badger employees surveyed felt their manager respected their work-life balance, 82 percent reported feeling highly engaged, and more than half said they plan to stay at Badger for more than five years.





Resources for New Hampshire Employers and Job Seekers

New Hampshire Business and Industry Association:

🖱 www.biaofnh.com

New Hampshire Small Business Development Center:

🖱 www.nhsbdc.org

Community College System of New Hampshire:

🖱 www.ccsnh.edu

ApprenticeshipUSA (U.S. Department of Labor):

🖱 www.dol.gov/apprenticeship/toolkit

New Hampshire Job Corps:

🖱 www.newhampshire.jobcorps.gov

U.S. Small Business Administration:

🖱 www.sba.gov

U.S. Senator Jeanne Shaheen:

🖱 www.shaheen.senate.gov

New Hampshire Works/American Job Centers:

🖱 www.nhworks.org/job-seekers/nh-works-centers

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All offices are open 8:00 a.m. to 4:30 p.m.

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